

ECO 329 Healthcare Economics Syllabus

Lincoln Campus

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*Economics is the study of the use of scarce resources
that have alternative uses.* Lionel Robbins (2013)

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Introductory Remarks. This course is about your gaining an understanding of the various core dimensions of *healthcare economics*, how these elements interact with each other, and what contributes to and detracts from economic efficiencies. Within this framework we will explore such powerful aspects of economics as the flow of funds through the healthcare system, economic evaluation of the of health services, cost benefit and cost effectiveness analysis, health insurance, hospitals, hospital costs, managed care, long term care, pharmaceuticals and the dynamics of health spending.

Therefore, in these turbulent and rapidly changing times, this course will provide you with an enhanced understanding of the influence *healthcare economics* plays in our short and long term environment. Thus, the notion of your studying and learning about these key concepts, theories, competencies and practices has relevance and utility for you as you move forward in your professional career as a healthcare leader, follower, or entrepreneur. *Important note:* The generalized economic concepts that we discuss will be further discussed within the context of a healthcare setting. It is in this context and spirit, then, that this course has been designed.

Course Description. The U.S. health care system continues to experience problems in the financing, organization and delivery of health care services. Costs are increasing at unsustainable rates while fewer employers are offering health insurance to their employees. While the U.S. leads the world in money spent on health care, it ranks low on most measures of health status. This course will examine how economic analysis can be applied to health care. It is focused on ensuring that students understand economic theory and terminology as relates to health care. And, we will focus on how to apply economic theory and terminology in health care terms, to comprehend the interactions between both the private and public sectors in their struggle to find workable solutions to health care problems and issues, and to understand how economics can be applied to the health care field especially as relates to analyses of policies that address the efficient use of resources and equity. Thus, the overall emphasis of this course is on your development of a conceptual understanding and exploration of the applicability of economic theory to healthcare practice.

Course Objectives. Economics is a social science. As such, healthcare economics is an important tool that is used in a wide range of disciplines including health care, law, public policy, banking, business, forestry, and agriculture. Thus, the overarching objective of this course is to provide you with an overview of major concepts, theories, competencies and practices of healthcare economics. This, in turn, will provide you with an enhanced ability to determine what constitutes effective economic decisions, ways by which improved economic decisions can be accomplished, and the longer-term ramifications of such practices.

Specific Learning Objectives

- To understand and to be able to describe major healthcare economics theories, concepts and practices and to explore their limitations.
- To understand and to be able to explain examples of major healthcare economics challenges and trends now and in the future as they might impact your organization and you.
- To develop skills and abilities necessary to distinguish between ineffective and effective healthcare economics policies and practices which can, in turn, have a positive effect on your ability to function effectively in your work setting.

Course Materials.

1. *Required text:* Thomas Getzen, *Health Economics and Financing* (2013). Fifth Edition. John Wiley & Sons, Inc, Hoboken, NJ. ISBN: 1118184904. Please see note in student letter.
2. Handouts that will be distributed in class periodically.
3. *Recommended readings:* Periodicals such as “Business Week,” “Fortune,” “The Economist,” “Nursing Economics,” “Nursing Administrator’s Quarterly,” “Journal of Nursing,” “Inquiry,” “Medical Economics,” “Health Affairs,” “Modern Healthcare,” and the “Wall Street Journal.”
4. Other resources:
TEXTS:
Christopher J. Conover, *American Health Economy*, (2012). American Enterprise Institute, Washington, D.C.
Paul J. Feldstein, *Health Policy Issues: An Economic Perspective*. (2007). Fourth edition. Health Administration Press, Chicago, IL.
Sherman Folland, Allen Goodman & Miron Stano, *Economics of Health and Healthcare* (2010). Sixth edition. Prentice Hall Publishers, Upper Saddle River, NJ.
Bruce J. Fried and Laura M. Gaydos, *World Health Systems* (2002). AUPHA Press, Chicago, IL.
Peter R. Kongstvedt, *Essentials of Managed Care* (2004). Fourth edition. Aspen Publishers, Gathersburg, MD.
Roger Miller, *Economics Today* (2011). 15th Edition. Addison-Wesley, NY.
WEBSITES:
U.S. Department of Health & Human Services, <http://www.hhs.gov/>
Kaiser Family Foundation, <http://www.kff.org>

Medicare Program <http://www.medicare.gov/>
Agency for Health Care Policy & Research, <http://www.ahrp.gov>
Centers for Medicare and Medicaid Services, <http://www.cms.hhs.gov>
International Health Economics Association, <http://www.healtheconomics.org>

Class Management. Our collective efforts--yours and mine--should focus on making this class interesting, challenging, thought provoking, interactive and fun! To that end, it is my intent to facilitate the delivery of this course by the use of a variety of learning methods including lectures, discussions, in-class exercises, cases, handouts, CDs and other interactive processes. Your responsibility is to attend each class, to have completed the assignment(s) according to the published schedule in the syllabus, and to be willing to ask questions and become involved in the class discussions and activities. These elements, and your successful accomplishment of them, will be key determinants of your grade in this class. Should you be absent from more than one (1) class for whatever reason, each of these absences will result in a deduction of 20 points each from your total points accumulated. *Students that miss one class will receive the maximum number of points for attendance.* More specifically:

Attendance and Participation

It is important that for you to be prepared, to attend, and to participate in the planned class activities. As you likely already realize, a full working knowledge of *healthcare economics* cannot be acquired simply by reading the assigned text. Thus, your regular attendance and participation will help you maximize the learnings to be realized while ensuring that you gain a sense of order, flow and logic of the course. In this spirit, the following should be useful to you:

Participation

Your *class participation* is an integral part of this course because class discussion is an important way by which your learning is enhanced. By hearing the diverse opinions of your peers, you will gain deeper insight into the complexities of the issues being discussed and you will be exposed to a variety of ideas about healthcare economics. By voicing your own opinions in class you further develop your communication skills and obtain feedback from others (including me) on your ideas.

Gaining participation "marks" is not intended to be a "numbers game." My intent in class is to facilitate discussion that will contribute to a quality learning experience for you. Your participation mark is based on your demonstration of your own learning and to the learning of others in the class. Furthermore, if the overall quality of the class discussion is high, everyone will gain additional participation marks. In other words, there are both individual and group rewards for participation.

To assess your own participation in this course, please think about the following statements. A "yes" answer to each suggests you *are* participating effectively:

- My comments reflect an understanding of the reading and lecture material.
- They reflect an attempt to connect ideas.
- I ask questions when I don't understand or don't agree with something I have read or heard.

- I encourage and allow others to participate.
- I actively listen to others and try to build on their ideas or engage in healthy discussion.
- I share my own personal life and work experiences when they are relevant to the topic of discussion.

Class Norms

In organizations people in leadership and followership roles are concerned with the notion of equity. “Equity” operationally defined is the idea of ensuring that everyone is treated in a fair and equal manner based on norms established in the organization. In this context, then, to be fair to everyone in the class the following norms are to be adhered to by all class members and me:

- Classes start and end on time. You are expected to be in class at the start time and remain until the class ends.
- Please turn off your mobile phone and pager in class.
- No talking in class when someone else is talking. This does not apply when you are in a small group activity.

Academic Integrity

My personal philosophy regarding this matter is very simple. In an academic setting there is absolutely no tolerance for *cheating or plagiarizing* by a student. If a student violates this sacred trust it strikes at the very core of why you are attending Doane College which is, presumably, to learn, to challenge, to dialogue with others, and to receive feedback from the work you have done. Those who violate this fundamental rule should expect to receive an “F” in the class.

Caveat

The lecture topic dates are approximate. The materials, including the schedule and evaluation procedures, are subject to change in the event of extenuating circumstances. Such changes while not anticipated are possible. *This instructor, therefore, reserves the right to change anything in the syllabus at any time and for any reason.*

Anonymous Comments

You are encouraged to contact me any time you have questions, problems, or feel you need advice regarding class matters. I also welcome your informal feedback on my teaching and the course generally.

Course Requirements. *These requirements are common to all courses taken at Doane College.*

1. All assigned readings are to be completed prior to each class meeting. Other assignments are due as indicated in the syllabus.
2. Cell phones and beepers. Please see above, “Class Norms.”
3. Students are expected to attend all classes. Please see above, “Class Management.”
4. Class and discussion topics. Please see above, “Caveat.”
5. Access to course instructor. Please see above, “Anonymous Comments.”
6. All school policies are to be followed as stated in the student handbook.
7. All course requirements must be met in order to successfully complete the course.

8. An overall grade of “C” or higher must be attained in order to earn credit toward a degree at Doane College, Bachelor of Science in Nursing Program.
9. Academic integrity is valued by Doane College and is expected in all the endeavours of its administration, faculty and student body. Doane College defines Academic Integrity as fidelity to excellence in all educational practices. Please see above, “Academic Integrity.”

Your Overall Evaluation. In this class, you will be evaluated based on the following criteria:

<u>Activity</u>	<u>Percent</u>	<u>Points (Maximum)</u>
1. Team Research Article Presentation*	35%	175
2. Problem Set*	32	160
3. Self Study Set*	18	90
3. Attendance & Participation	15	75
<i>Total:</i>	<i>100%</i>	<i>500 Points</i>

*I’ll explain these on the first day of class.

Final Course Grades

GPA calculation is accomplished according to Doane College policy. Grade point averages are computed by dividing the total grade points earned by the total number of GPA credits. AU, I, IP, W, and P grades are not included in the calculation.

Grade Point System

Grade	Grade Points per credit	Grade	Grade Points per credit	Grade	Grade Points per credit
A+	4.0	B-	2.7	D	1.0
A	4.0	C+	2.3	D-	0.7
A-	3.7	C	2.0	F	0.0
B+	3.3	C-	1.7		
B	3.0	D+	1.3		

The Problem Set, Self Study Set, and Team Research Article Presentation.

The Problem Set. The spirit and intent of this assignment is to provide you with the opportunity to gain important health care economics learnings, learnings that will be gleaned from the classroom discussions/power point notes, the text, and from your own individual research. There are 3 mini-essay cases you are to answer along with 9 true-false questions for a total of 160 points which is **32%** of the total points that can be awarded. Details on the format you are to use when answering the cases/questions are spelled out in the Problem Set document.

The Self Study Set. The assignments for Chapters 1 and 3 are to be accomplished on a self study basis. These chapters can be reviewed by the use of the Power Points and the text. There

are 2 mini-essay cases you are to answer along with 4 true-false questions for a total of 90 points which is **18%** of the total points that can be awarded. These power points are intended to provide you with key learning points from these chapters and to reinforce the learnings you should glean from them.

Team Research Article Presentation

You are a member of one of two teams, with each team having a maximum of 7 students in it. Please note there is even distribution of the 2 research articles among these teams. *One team is assigned to each research article for presentation to the other members of the class.* Details on the presentation are shown below. *No written analysis of your assignment is required or expected.* However, please be certain I receive a print copy of your presentation just before you make your presentation. And, you are *required to be present* for your team's presentation in order to receive credit for the points that are awarded to your team. Your team can receive a maximum of 175 points for this presentation.

Team Case Assignments

<u>Teams Case Assignment</u>	<u>Content</u>	<u>Presentation/ Discussion Date</u>
1) Team #1 "Care Coordination and the Expansion of Nursing Scopes of Practice" Journal of Law, Education and Ethics, Spring 2014	Discussion of the importance of the need to expand the scope of practice for nursing. This is a result of the impact the Patient Protection and Affordable Care Act (ACA) will have on the increased demand for primary care providers.	10 January, Sunday PM
2)Team #2 "Preserving Staff Resources As a System: Nurses Leading Operations and Efficiency Initiatives" Nursing Economics/January-February 2015 Vol.33/No.1	Discussion of the importance of using the right staff in appropriate roles and numbers to optimally cover patient care services while preserving salary dollars when possible.	10 January, Sunday PM

Exchanging these reading assignments between your teams is permissible so long as no more than 1 team analyzes any one reading assignment. Please let know if any exchanges are made.

Your Team Research Article Presentation-Overview

Your team has been hired by a large for profit organization as health economics consultants to prepare a presentation of the research article assigned to your team. The key administrators of the organization require that your report be an independent presentation in which important issues that you glean from the assigned research article and your independent research are reviewed. The administrators are prepared to consider any recommendations you may have to improve the situation. You are encouraged to use additional resources when you collect data and information for this assignment. Suggest you see page 3, "Other Resources" for other sources of information and data.

In order to impress your client, your analysis and presentation will need to be well thought out and tightly organized. Your presentation will also need to be neatly prepared. To facilitate this, you may include diagrams, charts, figures, cartoons, video clips and other graphic representations as you deem appropriate.

Note: A copy of your presentation is due just before your team gives the presentation. A general references bibliography is also encouraged.

Specifics: Team Presentation

You should think of this presentation as an opportunity to explore various aspects of the assigned health care economics situation as discussed in the assigned research article in a structured manner. During your analysis you should draw from your academic training both past and present, recent work experiences, and general observations about the health care economics world. The structure of your presentation is important. The following template or roadmap provides a consistent and logical way by which you can approach analyzing and, accomplishing the assignment. Thus, your presentation is to include the following five (5) major elements. A total of 175 points are possible for this assignment.

- A. Summary of the Research Article. (25 points.)** This is a summary of your interpretation of the research article, a review of events, key participants, and factors leading to the current situation. You should make no attempt to summarize your findings or recommendations for resolution of the issues that may be involved. Simply summarize the key factors in the research article from your perspective in a concise, specific and factual manner.
- B. Key issues in Case. (35 points.)** In this section be sure you identify only the key problems/issues in the research article. Be succinct, factual and specific in your identification of these issues. I recommend you focus on 4-5 issues, maximum. If you have more than 5 issues you have too many. If you have only two or three issues, you have likely missed some other important issues. Here are 3 examples of issue statements:
- Health care organizations do an inadequate job of providing a meaningful orientation to newly graduated nurses into the nursing profession.
 - Organizations have antiquated cost/benefits analysis processes that hamper their ability to efficiently and properly accomplish cost/benefits issues and decisions.
 - There are no development plans “in place” to replace 2 senior leaders that will be retiring within the next 12-18 months.
- C. Key issues/problems discussion (70 points).** In this section, you should provide a discussion of each of the key issues/problems you have identified in section “B” (above) and explore possible solutions to those issues. This section is an excellent “place” for you to integrate your added research into the findings of the research article assigned your team. You should *not* reach any decisions on the possible solutions to the issues --only discuss possibilities.
- D. Solution/decision (25 points).** In this section you should provide a summary of what you recommend be done to resolve the issues/problems you identified in section “B.” The information you present in this section should be drawn from the analysis and discussion you created in section “C.” You need only summarize the recommendations you are making to

solve or positively alter the identified issues. There is no need to explain why you did not select some of the other possible solutions you discussed in section “C.”

Implementation plan (20 points). As you know, organizations do not have limitless resources. As a consequence, they must allocate their resources based on the possible return on the investment made and do so on a prioritized basis. Thus, this part of your analysis is structured to help ensure that you include the same kind of thinking in your solution to the issues in the research article. Specifically, please be sure to include the following at the beginning of this section of your presentation: *In priority order this is our implementation plan.* Then, organize your implementation plan as follows:

In priority order, this is our implementation plan:

<u>Key Activities to Implement</u>	← Year One →			
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
1. Replace orientation program for new nurses	X			
2. Revise cost/benefits analysis process		X		
3. Design and implement Succession planning process				X

Specifics: Team In-Class Presentation/Discussion Format. Please follow this format when you present your research article assignment in class.

Team:

- 5 minutes of preparation time
- 20 minutes of uninterrupted time for your presentation including the 5 elements noted above

Team, class members, me:

- 15-20 minutes for a general discussion of the presentation including our collective observations, conclusions, and learnings.

For class time management and equity purposes, these time limits will need to be strictly adhered to. When you have five minutes remaining and when your time is up, I'll let you know. Points will be deducted from your presentation if you exceed the time limit. (*Practice, practice, practice.*)

Some thoughts about your presentation format are in order. The most common errors teams make, in addition to poor preparation, include:

1. *Trying to present too many ideas.* Three strong ideas presented well are generally much more convincing than 5 ideas presented quickly. Thus, your presentation should emphasize your most important ideas and include a brief discussion of the others.
2. *Not prepared to receive questions;* that is, to answer the question, “So what?”
3. *Not prepared to ask questions.*
4. *Misuse of your time by exceeding the time allowed.*

When you analyze and discuss your presentation, consider the following all of which are dimensions of the field of Health Care economics:

Resource Utilization	Physicians
Choices, Money, Medicine and Health	Medical Education, Organization and Business Practices
Supply and Demand	Hospitals
Cost Benefit and Cost Effectiveness Analysis	Management and Regulation of Hospital Costs
Health Insurance: Financing Medical Care	Pharmaceuticals
Insurance Contracts and Managed Care	The Role of Government and Public Goods

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<u>Week</u>	<u>Topic</u>	<u>Assignment</u>	<u>Other</u>
#1:	Introduction & syllabus Context for studying Health Care Economics	Introduction	In class case
#2	Economic Evaluation of Health Services: Supply and Demand	Chapter 2	
#3	Cost Benefit and Cost Effectiveness Analysis	Chapter 3	In class case
#4	Health Insurance: Financing Medical Care	Chapter 4 Chapter 5	
#5	Insurance Contracts, Managed Care and Capital Financing Capital Financing & Ownership of Health Care Providers Hospitals, Sources & Uses of Funds	Chapter 12 Chapter 8	In class cases
#6	Pharmaceuticals Value for Money in the Future of Health Care (Present and Future of Health Care Economics)	Chapter 11	
#7-8	Case #1, Team 1: "Care, Coordination & Expansion of Nursing" Case #2, Team 2: Preserving Staff Resources as a System" Course Summary	Chapter 18	In class cases